**STRAWMAN – draft Community Heat Pump Systems PON – Introduction**

NYSERDA is disseminating this solicitation in draft form and inviting public comment.

All comments received by close of business Friday November 6, 2020, will be given thoughtful consideration.

Based on comments received, at NYSERDA’s sole discretion, NYSERDA may or may not make revisions to the solicitation.

NYSERDA intends to issue the solicitation (go live) on or about the end of November 2020.

Comments can be provided to NYSERDA as follows:

* Email to [Dana.Levy@nyserda.ny.gov](mailto:Dana.Levy@nyserda.ny.gov)
* Telephone Dana Levy at (518) 862-1090 x3377

This STRAWMAN consists of eleven (11) files:

* Introduction and Overview of Rules
* Category A Instructions
* Category A Proposal Characterization Data Workbook
* Category A Project Results Data Workbook
* Category B Instructions
* Category B Proposal Characterization Data Workbook
* Category B Project Results Data Workbook
* Category C Instructions
* Category C Proposal Characterization Data Workbook
* Category C Project Results Data Workbook
* Category D Instructions

These eleven (11) files can be located on NYSERDA’s website until close of business Friday November 6, 2020, at this link [www.nyserda.ny.gov/district-thermal-systems](http://www.nyserda.ny.gov/district-thermal-systems)

Thank you for providing feedback to assist NYSERDA with making this solicitation as impactful as possible.

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Community Heat Pump Systems

Program Opportunity Notice (PON) XXX

**$15 million Available**

*NYSERDA reserves the right to extend and/or add funding to the*

*Solicitation should other program funding sources become available.*

**Proposal Due Dates**\*: 1/XX/21 (Round 1); 4/XX/21 (Round 2); 7/XX/21 (Round 3); 10/XX/21 (Round 4); 1/XX/22 (Round 5); 4/XX/22 (Round 6); 7/XX/22 (Round 7); 10/XX/22 (Round 8)

**\*by 3:00 PM Eastern Time**

**Program Summary**

New York State law (the Climate Leadership and Community Protection Act) mandates the transition to a carbon-free electric grid by the year 2040, and to a carbon-neutral economy by the year 2050. To achieve this, it is expected that the on-site emission of carbon from buildings will need to be eliminated, generally by electrifying thermal activities such as comfort space heating and domestic hot water in combination with using power drawn from a carbon-free electric grid and/or power self-generated on-site via renewable technologies. The energy-efficient approach will be to electrify such heating via electric-driven heat pumps (as opposed to via electric resistance heating), and it will be important to advance techniques that minimize the cost of such transition. Based on a limited initial exploration, NYSERDA hypothesizes that there may exist certain highly-replicable use cases where the “community-style” heat pump configuration would clearly be lower cost to construct and operate as well as more efficient to operate than the default scenario of the “individual building” heat pump configuration, and this PON seeks to discover and ascertain such use cases.

A community-style heat pump system will use a network of pipes to share heating water among a cluster of buildings, where the cluster of buildings will use that heating water to produce comfort space heating of occupied spaces. The heating water could be centrally-produced as hot water via electric-driven heat pumps and used in the buildings via radiators for hydronic heating, or could be ambient-temperature water serving as a thermal source enabling electric-driven heat pumps located in each building. The heating water could perhaps also be used for production of domestic hot water, and a chilled water piping network could also be included to serve the comfort space cooling needs of the cluster of buildings.

For the purposes of this PON and as further clarified in each category at section on project eligibility, a community includes but is not limited to any of the following features: small (a cluster of ten or more single-family houses) or medium (a college campus, a multifamily residential complex consisting of multiple buildings, an office or medical park, etc.) or large (an urban core consisting of one or numerous city blocks); buildings all owned by a single entity or buildings having unrelated owners; new construction or retrofit of existing facilities; a system owned/operated by a private entity or by a utility or by a public entity or by a public-private partnership (at time of proposal, any proposal that intends to pursue ownership by a utility or by a public entity will need to validate that regulatory compliance will not be insurmountable).

Under this PON, NYSERDA is seeking proposals to accelerate market capacity and adoption of community-style heat pumps serving customers in New York State that pay, or in the case of systems installed as part of new construction project will pay, the System Benefits Charge on their electric bill. This PON will serve to help gain such insights specific to pricing, business models, and regulatory aspects particular to the various marketplaces throughout New York State, and sharing the information broadly across stakeholders so collectively we can all identify and do our part to reduce hurdles and grow the market.

NYSERDA has a total of $15,000,000 available under this PON and plans to award multiple contracts over multiple rounds. NYSERDA is accepting proposals in the following categories:

|  |  |  |  |
| --- | --- | --- | --- |
| **Category** | **Total NYSERDA Funds Available\*\*** | **Maximum NYSERDA Funding Per Award** | **Total Project Cost Share Required** |
| Category A: Site-Specific Scoping Study | $2,000,000 | $100,000 | Not Required |
| Category B: Site-Specific Design Study | $4,000,000 | $500,000 | 50% |
| Category C: Site-Specific Implementation Project | $8,000,000 | $4,000,000 | 50% |
| Category D: Market Studies/Best Practice Guidebooks | $1,000,000 | $250,000 | Not Required |

\*\**NYSERDA reserves the right to reallocate funds among categories and to close any given category while keeping remaining categories open.*

**Proposal Submission:** Online submission is preferable. Proposers may submit Word, Excel, or PDF files (file formats include: csv, doc, docx, gif, jpeg, jpg, pdf, png, ppt, pptx, pps, ppsx, tif, txt, xls, xlsx, and zip). Individual files should be 100MB or less in file size. Proposal PDFs should be searchable and should be created by direct conversion from MS Word, or other conversion utility. Files should not be scanned. For ease of identification, all electronic files must be named using the proposer’s entity name in the title of the document. NYSERDA will also accept proposals by mail or hand-delivery if online submission is not possible. For detailed instructions on how to submit a proposal (online or paper submission), click the link “[Application Instructions and Portal Training Guide](https://portal.nyserda.ny.gov/resource/1493921589000/NYSERDA_Solicitation_User_Guide) [PDF] ” located in the “Current Opportunities” section of NYSERDA’s website (<https://www.nyserda.ny.gov/Funding-Opportunities/Current-Funding-Opportunities.aspx>).

No communication intended to influence this procurement is permitted except (for technical questions) by contacting Dana Levy (Designated Contact) at (518) 862-1090, ext. 3377 or by e-mail Dana.Levy@nyserda.ny.gov or Andre Davis (Designated Contact) at (518) 862-1090, ext. 3078 or by e-mail Andre.Davis@nyserda.ny.gov or Donovan Gordon (Designated Contact) at (518) 862-1090, ext. 3119 or by e-mail Donovan.Gordon@nyserda.ny.gov. If you have contractual questions concerning this solicitation, contact Renee Serbu (Designated Contact) at (518) 862-1090, ext. 3231 or Renee.Serbu@nyserda.ny.gov. Contacting anyone other than the Designated Contacts (either directly by the proposer or indirectly through a lobbyist or other person acting on the proposer’s behalf) in an attempt to influence the procurement: (1) may result in a proposer being deemed a non-responsible offerer, and (2) may result in the proposer not being awarded a contract.

\* **All proposals must be received by 3 p.m. Eastern Time on the dates noted above. Late, faxed, or emailed proposals will not be accepted.** Incomplete proposals may be subject to disqualification. It is the proposer’s responsibility to ensure that all pages have been included in the proposal. Please note for online submission, there are required questions that you will have to answer in addition to uploading attachments and you should allot at least 60 minutes to enter/submit proposals. The online proposal system closes promptly at 3 p.m. Eastern Time, files in process or attempted edits or submission after 3 p.m. Eastern Time on the date above, will not be accepted. If changes are made to this solicitation, notification will be posted on the “Current Opportunities” section of NYSERDA’s website (<https://www.nyserda.ny.gov/Funding-Opportunities/Current-Funding-Opportunities.aspx>.

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1. INTRODUCTION

The updated NYS Clean Heat Statewide Heat Pump Program Implementation Plan (the “Plan”) was filed with the NYS Public Service Commission under case 18-M-0084 on April 30, 2020. The Plan is a key element of the State’s clean energy pathway designed to support customers in transitioning to energy-efficient electrified space and water heating technologies. The Plan describes the initial steps that the investor-owned electric utilities will take, in conjunction with NYSERDA, to expand existing heat pump programs and, in other instances, establish new heat pump programs as part of the new statewide framework. It outlines the intended allocations of two significant budgets: approximately $454 million to be administered via customer-focused incentive programs by the investor-owned electric utilities for deployment of heat pump systems that are designed and used for heating; and approximately $230 million to be administered by NYSERDA for a portfolio of market development initiatives including but not limited to workforce development, exploration of cost-reduction strategies, and gathering of market insights regarding clean thermal community systems.

Under this PON, NYSERDA is seeking proposals to accelerate market capacity and adoption of community heat pump systems serving customers in New York State who pay the SBC Surcharge on either a portion or on their entire electric bill at the thermal usage site (for example, the SBC Surcharge will be deemed to have been paid on a portion of their electric bill and thus end use customers will be eligible for this PON if they are located within a municipal electric utility that recently-and-periodically serves a wide array of its membership body by supplementing its typical source of power with SBC-surcharge-bearing power). This PON will also serve to gain insights specific to pricing, business models, and regulatory aspects particular to the various marketplaces throughout New York State, and sharing the information broadly across stakeholders so collectively we can all identify and do our part to reduce hurdles and grow the market. To the extent practicable, NYSERDA prefers projects that can deliver high-quality learning as quickly as possible.

A community-style heat pump system will use a network of pipes to share heating water among a cluster of buildings, where the cluster of buildings will use that heating water to produce comfort space heating of occupied spaces. The heating water could be centrally-produced as hot water via electric-driven heat pumps and used in the buildings via radiators for hydronic heating, or could be ambient-temperature water serving as a thermal source enabling electric-driven heat pumps located in each building. The heating water could perhaps also be used for production of domestic hot water, and a chilled water piping network could also be included to serve the comfort space cooling needs of the cluster of buildings.

For the purposes of this PON and as further clarified in each category at section on project eligibility, a community includes but is not limited to any of the following features: small (a cluster of ten or more single-family houses) or medium (a college campus, a multifamily residential complex consisting of multiple buildings, an office or medical park, etc.) or large (an urban core consisting of one or numerous city blocks); buildings all owned by a single entity or buildings having unrelated owners; new construction or retrofit of existing facilities; a system owned/operated by a private entity or by a utility or by a public entity or by a public-private partnership (at time of proposal, any proposal that intends to pursue ownership by a utility or by a public entity will need to validate that regulatory compliance will not be insurmountable).

1. PROJECT CATEGORIES

This PON includes four project categories listed below. The proposer may submit a project proposal to any of the Project Categories based on the status of their project. If a project selected for award under Category A or B under any due round is successfully completed, a proposal may submitted to the next appropriate Category (i.e., B or C) under any subsequent due date.

**Category A: Site-Specific Scoping Study** – *See* ***Attachment A f****or complete Program Requirements, Proposal Submission Requirements, and Evaluation Criteria*

A site-specific scoping study is intended to explore a wide array of options for a specific cluster of buildings to identify if a preferred option appears to be technically and economically feasible, and is intended to answer “what if” questions (e.g., what if we include different buildings in the cluster, what if we serve only comfort space heating, what if we serve comfort space heating as well as comfort space cooling, etc.). NYSERDA’s maximum funding for any award under Category A is $100,000. Proposer cost share is not required.

**Category B: Site-Specific Design Study** – *See* ***Attachment B*** *for* *complete Program Requirements, Proposal Submission Requirements, and Evaluation Criteria*

A site-specific design study is intended to refine a single preferred design which seems technically and economically feasible, and is intended to answer “how” questions (e.g., how best to construct this preferred design, how best to finance this preferred design, etc.). NYSERDA’s maximum funding for any award under Category B is $500,000. Proposer cost share at or above 50% of total project cost required.

**Category C: Site-Specific Implementation Project -** *See* ***Attachment C*** *for* *complete Program Requirements, Proposal Submission Requirements, and Evaluation Criteria*

The scope of work of the project proposed under this category must focus on the near-term deployment of electric-driven heat pumps in a community heat pump system design to pivot customers from fossil-fuel-fired space heating systems. The project must be shovel-ready and capable of proceeding promptly following notification of award. NYSERDA’s maximum funding for any award under Category C is $4,000,000. Proposer cost share at or above 50% of total project cost required.)

**Category D: Market Potential Studies/Best Practice Guidebooks -** *See* ***Attachment D*** *for* *complete Program Requirements, Proposal Submission Requirements, and Evaluation Criteria*

A market potential study/best practices guidebook project is intended to broadly help the entire marketplace (as opposed to primarily helping a specific solution provider or a specific client/cluster of clients). Final work products for projects selected under Category D will be owned by NYSERDA (these activities will be works-for-hire). NYSERDA’s maximum funding for any award under Category D is $250,000. Proposer cost share is not required.

1. **PROPOSAL REQUIREMENTS**

Detailed proposal requirements for each Project Category are set forth in the following Attachments to this PON:

Category A: Site-Specific Scoping Study - SEE ATTACHMENT A

Category B: Site-Specific Design Study - SEE ATTACHMENT B

Category C: Site-Specific Implementation Project – SEE ATTACHMENT C

Category D: Market Potential Studies/Best Practice Guidebooks – SEE ATTACHMENT D

Proposals should comply with and concisely present the Proposal Requirements set forth in the specific Project Category attachment, while also making sure the Evaluation Criteria listed in the specific attachment have been adequately addressed.

1. **EVALUTION CRITERIA**

Proposals that meet the solicitation requirements will be reviewed by a Scoring Committee. Detailed evaluation criteria for each Project Category are set forth in the following Attachments to this PON:

Category A: Site-Specific Scoping Study - SEE ATTACHMENT A

Category B: Site-Specific Design Study - SEE ATTACHMENT B

Category C: Site-Specific Implementation Project – SEE ATTACHMENT C

Category D: Market Potential Studies/Best Practice Guidebooks – SEE ATTACHMENT D

1. **GENERAL CONDITIONS**

**Proprietary Information** - Careful consideration should be given before confidential information is submitted to NYSERDA as part of your proposal. Review should include whether it is critical for evaluating a proposal, and whether general, non-confidential information, may be adequate for review purposes. The NYS Freedom of Information Law, Public Officers law, Article 6, provides for public access to information NYSERDA possesses. Public Officers Law, Section 87(2)(d) provides for exceptions to disclosure for records or portions thereof that "are trade secrets or are submitted to an agency by a commercial enterprise or derived from information obtained from a commercial enterprise and which if disclosed would cause substantial injury to the competitive position of the subject enterprise." Information submitted to NYSERDA that the proposer wishes to have treated as proprietary, and confidential trade secret information, should be identified and labeled "Confidential" or "Proprietary" on each page at the time of disclosure. This information should include a written request to except it from disclosure, including a written statement of the reasons why the information should be excepted. See Public Officers Law, Section 89(5) and the procedures set forth in 21 NYCRR Part 501 <https://www.nyserda.ny.gov/About/-/media/Files/About/Contact/NYSERDA-Regulations.ashx>. However, NYSERDA cannot guarantee the confidentiality of any information submitted.

**Omnibus Procurement Act of 1992** - It is the policy of New York State to maximize opportunities for the participation of New York State business enterprises, including minority- and women-owned business enterprises, as bidders, subcontractors, and suppliers on its procurement Agreements.

Information on the availability of New York subcontractors and suppliers is available from:

Empire State Development  
Division for Small Business   
625 Broadway  
Albany, NY 12207

A directory of certified minority- and women-owned business enterprises is available from:

Empire State Development  
Minority and Women's Business Development Division  
625 Broadway  
Albany, NY 12207

**State Finance Law sections 139-j and 139-k** - NYSERDA is required to comply with State Finance Law sections 139-j and 139-k. These provisions contain procurement lobbying requirements which can be found at <https://online.ogs.ny.gov/legal/lobbyinglawfaq/default.aspx> . Proposers are required to answer questions during proposal submission, which will include making required certification under the State Finance Law and to disclose any Prior Findings of Non-Responsibility (this includes a disclosure statement regarding whether the proposer has been found non-responsible under section 139-j of the State Finance Law within the previous four years).

**Tax Law Section 5-a** - NYSERDA is required to comply with the provisions of Tax Law Section 5-a, which requires a prospective contractor, prior to entering an agreement with NYSERDA having a value in excess of $100,000, to certify to the Department of Taxation and Finance (the "Department") whether the contractor, its affiliates, its subcontractors and the affiliates of its subcontractors have registered with the Department to collect New York State and local sales and compensating use taxes. The Department has created a form to allow a prospective contractor to readily make such certification. See, ST-220-TD (available at <http://www.tax.ny.gov/pdf/current_forms/st/st220td_fill_in.pdf>). Prior to contracting with NYSERDA, the prospective contractor must also certify to NYSERDA whether it has filed such certification with the Department. The Department has created a second form that must be completed by a prospective contractor prior to contacting and filed with NYSERDA. See, ST-220-CA (available at <http://www.tax.ny.gov/pdf/current_forms/st/st220ca_fill_in.pdf>). The Department has developed guidance for contractors which is available at <http://www.tax.ny.gov/pdf/publications/sales/pub223.pdf> .

**Referral to Other Programs - Several other NYSERDA and non-NYSERDA (e.g., Utility) programs may be of interest to the proposing team, especially if the proposed community-scale heat pump activities may be bundled with other clean energy measures. The full list of available NYSERDA programs can be found on NYSERDA’s website. For convenience, a sample of potentially-applicable NYSERDA and non-NYSERDA programs is enumerated at Attachment H.**

**Contract Award** - NYSERDA anticipates making multiple awards under this solicitation. A contract may be awarded based on initial applications without discussion, or following limited discussion or negotiations pertaining to the Statement of Work. Each proposal should be submitted using the most favorable cost and technical terms. NYSERDA may request additional data or material to support applications. NYSERDA will use the applicable Sample Agreement to contract successful proposals. NYSERDA may at its discretion elect to extend and/or add funds to any project funded through this solicitation. NYSERDA reserves the right to limit any negotiations to exceptions to standard terms and conditions in the Sample Agreement to those specifically identified in the checklist questions. Proposers should keep in mind that acceptance of all standard terms and conditions will generally result in a more expedited contracting process. NYSERDA expects to notify proposers in approximately sixteen (16) weeks from the proposal due date whether your proposal has been selected to receive an award. NYSERDA may decline to contract with awardees that are delinquent with respect to any obligation under any previous or active NYSERDA agreement.

**Accessibility Requirements** - Every awardee from this solicitation will produce a final report that NYSERDA will post to the web.  NYSERDA requires contractors producing content intended to be posted to the Web to adhere to New York State’s Accessibility Policy.  This includes, but is not limited to, deliverables such as:  documents (PDF, Microsoft Word, Microsoft Excel, etc.), audio (.mp3, .wav, etc.), video (.mp4, .mpg, .avi, etc.), graphics (.jpg, .png, etc.), web pages (.html, .aspx, etc.), and other multimedia and streaming media content.  For more information, see [NYSERDA's Accessibility Requirements](https://www.nyserda.ny.gov/-/media/Files/About/Style-Guide/ADA-Accessibility-Requirements.pdf).

**Limitation** - This solicitation does not commit NYSERDA to award a contract, pay any costs incurred in preparing a proposal, or to procure or contract for services or supplies. NYSERDA reserves the right to accept or reject any or all proposals received, to negotiate with all qualified sources, or to cancel in part or in its entirety the solicitation when it is in NYSERDA's best interest. NYSERDA reserves the right to reject proposals based on the nature and number of any exceptions taken to the standard terms and conditions of the Sample Agreement. NYSERDA reserves the right to disqualify proposers based upon the results of a background check into publicly available information or the presence of a material possibility of any reputational or legal risk in making of the award.

**Disclosure Requirement** - The proposer shall disclose any indictment for any alleged felony, or any conviction for a felony within the past five years, under the laws of the United States or any state or territory of the United States and shall describe circumstances for each. When a proposer is an association, partnership, corporation, or other organization, this disclosure requirement includes the organization and its officers, partners, and directors or members of any similarly governing body. If an indictment or conviction should come to the attention of NYSERDA after the award of a contract, NYSERDA may exercise its stop-work right pending further investigation or terminate the agreement; the contractor may be subject to penalties for violation of any law which may apply in the particular circumstances. Proposers must also disclose if they have ever been debarred or suspended by any agency of the U.S. Government or the New York State Department of Labor.

**Vendor Assurance of No Conflict of Interest or Detrimental Effect** - The proposer shall disclose any existing or contemplated relationship with any other person or entity, including any known relationships with any member, shareholders of 5% or more, parent, subsidiary, or affiliated firm, which would constitute an actual or potential conflict of interest or appearance of impropriety, relating to other clients/customers of the proposer or former officers and employees of NYSERDA, in connection with proposer’s rendering services as proposed. If a conflict does or might exist, please describe how your company would eliminate or prevent it. Indicate what procedures will be followed to detect, notify NYSERDA of, and resolve any such conflicts.

The proposer must disclose whether it, or any of its members, or, to the best of its knowledge, shareholders of 5% or more, parents, affiliates, or subsidiaries, have been the subject of any investigation or disciplinary action by the New York State Commission on Public Integrity or its predecessor State entities (collectively, “Commission”), and if so, a brief description must be included indicating how any matter before the Commission was resolved or whether it remains unresolved.

**Public Officers Law** – For any resulting awards, the Contractor and its subcontractors shall not engage any person who is, or has been at any time, in the employ of the State to perform services in violation of the provisions of the New York Public Officers Law, other laws applicable to the service of State employees, and the rules, regulations, opinions, guidelines or policies promulgated or issued by the New York State Joint Commission on Public Ethics, or its predecessors (collectively, the “Ethics Requirements”). Proposers are reminded of the following Public Officers Law provision: contractors, consultants, vendors, and subcontractors may hire former NYSERDA employees. However, as a general rule and in accordance with New York Public Officers Law, former employees of NYSERDA may neither appear nor practice before NYSERDA, nor receive compensation for services rendered on a matter before NYSERDA, for a period of two years following their separation from NYSERDA service. In addition, former NYSERDA employees are subject to a “lifetime bar” from appearing before any state agency or authority or receiving compensation for services regarding any transaction in which they personally participated, or which was under their active consideration during their tenure with NYSERDA.

Any awardee will be required to certify that all of its employees, as well as employees of any subcontractor, whose subcontract is valued at $100,000 or more who are former employees of the State and who are assigned to perform services under the resulting contract, shall be assigned in accordance with all Ethics Requirements. During the term of any agreement, no person who is employed by the contractor or its subcontractors and who is disqualified from providing services under the contract pursuant to any Ethics Requirements may share in any net revenues of the contractor or its subcontractors derived from the contract. NYSERDA may request that contractors provide it with whatever information the State deems appropriate about each such person’s engagement, work cooperatively with the State to solicit advice from the New York State Joint Commission on Public Ethics, and, if deemed appropriate by the State, instruct any such person to seek the opinion of the New York State Joint Commission on Public Ethics. NYSERDA shall have the right to withdraw or withhold approval of any subcontractor if utilizing such subcontractor for any work performed would be in conflict with any of the Ethics Requirements. NYSERDA shall have the right to terminate any contract at any time if any work performed is in conflict with any of the Ethics Requirements.